

MSCI[®] press release

HEDGE FUND INDICES

MSCI Hedge Fund Indices Performance – August 2004

New York, September 23, 2004. MSCI announced today its August 2004 performance figures for the MSCI Hedge Fund IndicesSM. Below is a summary of performance data for selected indices.

MSCI HEDGE FUND INDICES							
	August	YTD	1 Year	2003	3 yr Ann. Ret.	3 yr Std Dev.	3 yr Sharpe
MSCI Hedge Fund Composite Index - Equal Weighted SM	-0.12%	0.74%	6.16%	14.72%	6.69%	3.35%	1.54
MSCI Hedge Fund Composite Index - Asset Weighted SM	-0.11%	1.90%	6.88%	13.08%	6.29%	2.84%	1.67
Process Groups							
MSCI Directional Trading Index SM	-0.94%	-4.25%	-0.05%	10.91%	6.72%	7.92%	0.65
MSCI Relative Value Index SM	0.12%	1.58%	4.29%	6.25%	5.06%	1.31%	2.68
MSCI Security Selection Index SM	-0.13%	0.84%	7.60%	18.99%	6.23%	5.57%	0.84
MSCI Specialist Credit Index SM	0.69%	6.47%	14.48%	24.25%	12.90%	4.01%	2.84
MSCI Multi-Process Group Index SM	0.30%	3.70%	10.40%	19.31%	8.40%	4.43%	1.55
Asset Class							
MSCI Hedge Fund Equity Index SM	-0.11%	0.96%	6.68%	15.26%	5.34%	4.41%	0.86
MSCI Hedge Fund Fixed Income Index SM	0.63%	5.84%	11.87%	16.80%	11.26%	2.33%	4.18
MSCI Hedge Fund Diversified Index SM	-0.43%	-1.38%	3.52%	13.57%	8.18%	5.87%	1.13
Geography							
MSCI Hedge Fund Developed Markets Index SM	-0.22%	0.62%	5.69%	13.66%	6.13%	3.27%	1.40
MSCI Hedge Fund Emerging Markets Index SM	1.05%	2.56%	11.93%	26.70%	13.40%	5.97%	1.99
MSCI Hedge Fund Global Markets Index SM	0.17%	0.91%	7.71%	19.30%	8.65%	4.02%	1.77
MSCI Hedge Fund Europe Index SM	-0.29%	1.55%	3.64%	5.98%	2.50%	2.53%	0.38
MSCI Hedge Fund North America Index SM	-0.08%	1.20%	7.24%	16.84%	6.47%	4.40%	1.12
MSCI Hedge Fund Japan Index SM	-0.79%	11.75%	20.16%	17.30%	11.42%	7.01%	1.41
Domicile							
MSCI Offshore Hedge Fund Composite Index SM	-0.16%	0.83%	5.36%	12.27%	6.01%	2.65%	1.69
MSCI Onshore Hedge Fund Composite Index SM	-0.02%	0.83%	7.02%	17.23%	7.15%	4.26%	1.32
MSCI Hedge Invest Index [†]	0.11%	-0.22%	3.76%	8.50%	5.33%	2.81%	1.35
MSCI EQUITY AND FIXED INCOME INDICES							
MSCI World Equity Index SM	0.44%	0.58%	15.61%	33.11%	2.02%	15.81%	0.03
MSCI World Sovereign Debt Index SM	2.36%	0.22%	11.40%	14.97%	10.31%	7.79%	1.13

Data is as of August 31, 2004. All hedge fund indices listed above are equal weighted unless noted otherwise.

† MSCI Hedge Invest Index: MTD returns are based upon performance from the last Tuesday in previous month until the last Tuesday in reported month. YTD returns are from December 30, 2003 through August 31, 2004. Pro forma historical performance data for the period before July 15, 2003, relies on significant assumptions, and is provided for illustration purposes only. As with all historical performance data, it may not be used to predict future characteristics or performance of the index or relied on in making any investment decisions.

The MSCI Hedge Fund Composite IndexSM, an equal weighted index, was down by 0.12% for the month of August, which is no surprise due to an increasing positive correlation of hedge funds with major equity markets. Both MSCI World Equity IndexSM and MSCI World Sovereign Debt IndexSM outperformed the MSCI Hedge Fund Composite IndexSM by 0.56% and 2.48% respectively. The MSCI Hedge Fund Database has grown to over 1,800 hedge funds and more than 190 indices representing more than \$240 billion in assets. Over 98% of the funds in the database reported performance as of August's index calculation.

Once again, the MSCI Specialist Credit IndexSM was the top performing process group for the month of August, returning 0.69%. Specialist Credit has experienced only one down month, since October 2002. This brings Specialist Credit's YTD, 1-Year, and 3-Year returns above all other process groups, 6.47%, 14.48%, and 12.90% respectively. In risk-adjusted terms, Specialist Credit reports the highest 3-Year Sharpe ratio of 2.84.

For the third consecutive month, the MSCI Directional Trading IndexSM followed its own downward trend by posting a negative return of 0.94% for the month of August. The Systematic Trading funds were the largest contributors to the decline with a 1.53% loss while Discretionary Trading funds posted a loss of 0.10%. Since August 2003, MSCI Directional Trading IndexSM has become more risky as reflected by 0.46 decline in 3-Year Sharpe ratio.

Hedge funds investing in various geographical locations all returned negative with the exception of Emerging Markets IndexSM and Global Markets IndexSM. The MSCI Hedge Fund Emerging Markets IndexSM was the best performer returning 1.05% for the month of August and has the highest 3-Year Sharpe ratio. In terms of Year to Date figures, the MSCI Hedge Fund Japan IndexSM is still the top performer with gains of 11.75%.

Below is a brief description of the MSCI Hedge Fund Process Groups:

The **MSCI Directional Trading IndexSM** - MSCI defines Directional Trading strategies as those based upon speculating on the direction of market prices of currencies, commodities, equities, and bonds in the futures and cash markets.

The **MSCI Relative Value IndexSM** - Relative Value strategies focus on spread relationships between pricing components of financial assets or commodities.

The **MSCI Security Selection IndexSM** - Security Selection managers combine long positions and short sales with the aim of benefiting from their ability in selecting investments while offsetting systematic market risks.

The **MSCI Specialist Credit IndexSM** - Specialist Credit funds seek to lend to credit-sensitive issuers.

The **MSCI Multi-Process Group IndexSM** - Multi-Process Group comprises funds that practice a strategy whereby a single investment process does not account for more than 80% of their risk capital.

For further information on MSCI indices or MSCI data, please visit our web site at www.msci.com or contact:

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